



Charles S. Owens, State Director
National Federation of Independent Business
115 W. Allegan / Suite 310
Lansing, MI 48933
(517) 485-3409

**Testimony on Local Employer Benefit Preemption before the
House Michigan Competitiveness Committee
Thursday, December 4, 2014**

My name is Charlie Owens and I am the State Director for the National Federation of Independent Business, an advocate for Michigan small businesses owners since 1943. We are here today to support House Bill 5977 – The Local Government Employer Mandate Prohibition Act - that would prohibit a local unit of government from requiring an employer to provide employee benefits, paid or unpaid, that were not required by federal or state law.

As Michigan moves forward in changing our business climate to one that retains and attracts business and the jobs they provide, policy makers must be vigilant in avoiding the “one step forward – two steps back” effect of state agencies and local governments.

The legislature and the administration have worked hard to transform our image as a place to do business with important tax, regulatory and labor policy initiatives. That hard work is put into jeopardy when local governments attempt to create their own islands of regulation and micro management that put out the “business not welcome here” sign. Even though businesses have a choice in a relocation scenario to avoid these localities, it still tarnishes the perception of Michigan as a development destination and undoes the hard work done at the state level.

As for businesses that are stuck in these localities that seek to create an anti-business environment, when the time comes for them to expand it is likely that they will move out of the jurisdiction in question to avoid the regulations unique to that locale. Other businesses that cannot or will not move because of a captive customer base will cut jobs, raise prices or reduce services to cope with the additional cost and hassle of poorly thought out local rules and regulations. In that regard, the local citizens suffer the consequences and it is not unlikely that they too will consider moving out of the area at some point – further diminishing the tax base of the local government.

Local governments have enough challenges providing the basic services that their citizens want and deserve; it is irresponsible of them to expand into policy areas that are more efficiently and appropriately provided at the state and federal level.

To conclude, we support House Bill 5977 and we urge the Committee to report it to the House floor for further action.

Thank you for your support of small business.



U.S. Bureau of Labor Statistics

Employer Costs for Employee Compensation news release text

**FOR RELEASE 10:00 A.M. (EDT) WEDNESDAY, SEPTEMBER 10, 2014
USDL-14-1673**

**Technical information: (202) 691-6199 ncsinfo@bls.gov www.bls.gov/ect
Media contact: (202) 691-5902 pressOffice@bls.gov**

EMPLOYER COSTS FOR EMPLOYEE COMPENSATION – JUNE 2014

Private industry employers spent an average of \$30.11 per hour worked for employee compensation in June 2014, the U.S. Bureau of Labor Statistics reported today. Wages and salaries averaged \$21.02 per hour worked and accounted for 69.8 percent of these costs, while benefits averaged \$9.09 and accounted for the remaining 30.2 percent. Total compensation costs for state and local government workers averaged \$43.07 per hour worked in June 2014. Total compensation costs for civilian workers, which include private industry and state and local government workers, averaged \$31.96 per hour worked in June 2014. Employer Costs for Employee Compensation (ECEC), a product of the National Compensation Survey, measures employer costs for wages, salaries, and employee benefits for nonfarm private and state and local government workers.

Benefit costs in private industry

Private industry employer costs for paid leave averaged \$2.08 per hour worked or 6.9 percent of total compensation, supplemental pay averaged 85 cents or 2.8 percent, insurance benefits averaged \$2.49 or 8.3 percent, and legally required benefits averaged \$2.44 per hour worked or 8.1 percent.